

Message Text

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ACTION COME-00

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P 161015Z MAY 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 9293

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E.O. 11652: N/A

TAGS: BSXP, BPRO, NI

SUBJECT: BUSINESS PROPOSAL THEODORE STAGG & CO.

1. REQUEST YOU CONVEY FOLLOWING MESSAGE TO THEODORE STAGG, PRESIDENT THEODORE STAGG & CO., INC., 261 MADISON AVENUE, NEW YORK, TELEPHONE 212-687-2050. QUOTE: WE HAVE RECEIVED AND DELIVERED TO MINISTRY OF DEFENSE YOUR LETTER ADDRESSED TO MOD PERMANENT SECRETARY I. M. DAMCIDA. APPRECIATE KNOWING WHAT ELSE YOU THINK WE MAY DO TO BE OF ASSISTANCE IN THIS MATTER. UNQUOTE.

2. FYI STAGG LETTER TO DAMCIDA (COPY OF WHICH STAGG MADE AVAILABLE TO US) AMOUNTS TO OFFER TO SUPPLY MOD (OR OTHER ELEMENTS FMG) CEMENT, UREA, AND OIL FIELD PIPE AND CASING OVER NEXT YEAR OR MORE IN QUANTITIES WORTH MILLIONS OF DOLLARS. STAGG ALLEGES IN LETTER THAT HIS FIRM HAS ALREADY SPENT CONSIDERABLE SUMS ARRANGING FOR SUPPLIES OF THESE MATERIALS TO FMG, AND THAT STAGG ACTED ON BASIS REPRESENTATIONS FROM MBANG INYANG, NIGERIAN RESIDENT IN U.S. AND DOING BUSINESS THERE AS INTERNATIONAL TRADE ASSOCIATES (6239 FRANKFORD AV., PHILADELPHIA) THAT ITA WAS EMPOWERED TO SOLICIT CONTRACTS AND OFFERS ON BEHALF OF NIGERIAN GOVERNMENT. STAGG ADDS THAT INYANG HAS DECIDED NOT TO HONOR HIS CONTRACTS WITH STAGG AND STAGG THEREFORE SUBMITTING DIRECT OFFER TO MOD.

3. WE DELIVERED STAGG LETTER TO MOD BECAUSE STAGG INFORMED US IN SEVERAL TRANSATLANTIC CALLS THAT IT WAS MATTER OF URGENCY AND BECAUSE IT ALSO SEEMED TO US MOD COULD HAVE INTEREST AT LEAST IN OFFERS OF CEMENT. HOWEVER, IT IS NOT AT ALL CLEAR TO
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US WHAT WE CAN USEFULLY DO BY WAY OF FOLLOW-UP.

4. ALTHOUGH MBANG INYANG MAY HAVE REPRESENTED HIMSELF AS AUTHORIZED TO ACT ON BEHALF MOD OR OTHER ELEMENTS FMG THERE IS NO INDICATION IN MATERIAL STAGG MADE AVAILABLE TO US THAT FMG AUTHORIZED HIM SO TO ACT. NOR IS THERE ANY SUGGESTION THAT STAGG HAS HAD COMMUNICATIONS OF HIS OWN WITH FMG THAT WOULD GIVE RISE TO FMG OBLIGATION OR COMMITMENT WITH RESPECT TO STAGG.

5. IN HIS LETTER TO DAMCIDA, STAGG REFERS TO AND ATTACHES COPY OF FORM LETTER DATED DECEMBER 27, 1974 FROM MOD TO INTERNATIONAL TRADE ASSOCIATES ACKNOWLEDGING RECEIPT OF ITA OFFER TO SUPPLY CEMENT TO MOD AND SAYING ITA OFFER WOULD BE ACCEPTED SUBJECT TO ITA COMPLIANCE WITH TERMS SET OUT IN MOD LETTER. IN ITS DECEMBER 27 LETTER, MOD ADDS THAT UPON ITA ACCEPTANCE OF MOD TERMS AND AFTER POSTING OF PERFORMANCE BOND, ITA WOULD BE INVITED SIGN MEMORANDUM OF AGREEMENT EMBODYING MOD TERMS. STAGG ALSO ATTACHES TO HIS LJKTLN TO DAMCIDA COPY OF PERFORMANCE BOND THAT ITA AND CHASE MANHATTAN FILED WITH CENTRAL BANK OF NIGERIA AND THAT REFERRED SPECIFICALLY TO MOD LETTER OF DECEMBER 27.

6. ALTHOUGH STAGG IMPLIES IN HIS LETTER TO DAMCIDA THAT MOD LETTER OF DECEMBER 27 TO ITA AND CENTRAL BANK ACCEPTANCE OF ITA PERFORMANCE BOND CONSTITUTED EVIDENCE OF ITA'S AUTHORIZATION TO ACT FOR FMG AND OF MOD COMMITMENT TO ACCEPT ITA OFFER AT LEAST FOR CEMENT, SEEMS TO US THAT INTERPRETATION WOULD NOT BE ACCEPTED BY FMG. SO FAR FROM IMPLYING THAT ITA ACTING FOR FMG, LETTER FROM MOD TO ITA SEEMS TO MAKE CLEAR THAT ITA SIMPLY OFFERED TO SUPPLY CEMENT TO MOD, AND SO FAR AS COMMITMENT TO ITA IS CONCERNED, WE WOULD EXPECT MOD TO TAKE VIEW THAT COMMITMENT WOULD ONLY HAVE ARISEN IF MEMORANDUM OF AGREEMENT HAD BEEN SIGNED. IN ANY EVENT, COMMITMENT, IF ANY, WAS TO ITA NOT STAGG. IF WE LEAVE ASIDE THEREFORE QUESTIONS OF STAGG'S RELATIONS WITH ITA, AND ITA'S RELATIONS WITH MOD (OR OTHER ELEMENTS FMG) SEEMS TO US WE ARE LEFT WITH SITUATION IN WHICH STAGG LETTER TO DAMCIDA AMOUNTS TO NOTHING MORE THAN COLLECTION OF OFFERS TO SUPPLY FMG CEMENT, AS WELL AS UREA AND OIL FIELD PIPE AND CASING, AND WE SUPPOSE THAT FOR LAST TWO INYANG WAS DEALING WITH OTHER AGENCIES OF FMG AND NOT MOD.

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7. IF STAGG WISHES PURSUE THESE OFFERS TO MOD (OR OTHER ELEMENTS FMG) AND AS WE ASSUME IS NO LONGER ACTING THROUGH INYANG, SEEMS TO US BEST COURSE IS FOR HIM FOLLOW-UP BY SENDING REPRESENTATIVE TO LAGOS OR COMING HIMSELF. WE WOULD BE GLAD TO OFFER FACILITATIVE ASSISTANCE TO STAGG OR HIS REPRESENTATIVE BUT ON FACTS KNOWN TO US WE SEE NO BASIS FOR ENGAGING EMBASSY OR USG BEYOND THAT (AND OF COURSE WE CANNOTBXQPRANTEE

SUCCESSFUL OUTCOME).

8. APPRECIATE HAVING SOONEST RESULTS YOUR CONVERSATION WITH
STAGG. END FYI.
CROSBY

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